

SUBMITTED VICE PRESIDENT
ERIC MANKE

HEARLAND BUSINESS BANK

4706 S. TAYLOR DR

Talking Points – 8/4/05 Public Forum

SHEBOYAN, WI 53081

Addition to Subordination Language – See attached Memorandum

920-803-6005
EMANKE@THEHBB.COM

Interest Rate - Present policy does not allow for a split rate when the unguaranteed portion is lower than the guaranteed portion. Does not provide a flexible alternative to the borrower. May be attractive to borrower to have a variable rate on unguaranteed portion and fixed on guaranteed. However, we must establish a floor under the present guidance that matches the fixed rate. Example: If prime were at 6% and we offered a prime + .50% and priced the guaranteed portion at 7.5% the borrower would not have the advantage of the lower 6.5% from the start. Suggest allowance of lower than guaranteed rates on USDA B&I loans. Amortization can be adjusted annual to be sure both the guaranteed and unguaranteed percentages remain consistent.

FIXED

Collateral – Champion, when you reach 20% change in collateral on a USDA for rolling stock, each release is subject to USDA approval. This is very cumbersome. Suggest allowance for lender discretion in release of collateral when rolling stock is involved.

Issuance of Loan Note Guarantee – The issuance of guarantee varies from State to State. Wisconsin has been efficient and timely in issuance of guarantee; however, this has not been our experience with other States. This delay in issuance may limit some lenders from participating in program because of legal lending limits.

Information on Funding – Provide information that gives the starting point for each State, monthly balances, pooling balances and estimated scoring needed due to backlog, etc.

Lower fee – Suggested alternative of a 1% with ongoing servicing fee similar to the SBA.